



## The American Recovery and Reinvestment Act: Education Spending

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On this President's Day, President Obama plans on signing the federal "Recovery and Reinvestment Act of 2009" into law. This act contains \$789 billion in new federal spending or tax cuts with up to \$100 billion potentially going to public education programs. This historic increase in education spending, and the changes that it will bring with it, may be difficult for some policymakers and their staffs to "get their heads around". For this reason ECS has prepared this preliminary summary to help explain:

1. How much new education funding states can expect to receive
2. How the funds will be distributed and how they can be spent
3. How policymakers can explain this new funding to their constituents
4. Things to think about.

### How Much Will States Receive?

States will receive the following amounts of new federal funding, on top of current allocations, for education programs. Items highlighted in blue indicate newly created federal programs:

	Distributed Immediately	Distributed On July 1, 2010
<u>Early Learning</u>		
Early Head Start	\$ .55 billion	\$ .55 billion
Head Start	\$ .50 billion	\$ .50 billion
<u>K-12</u>		
Title I – Formula Grants	\$ 5.00 billion	\$ 5.00 billion
Title I – School Improvement Grants	\$ 1.50 billion	\$ 1.50 billion
Title I – Impact Aid	\$ .10 billion	
Title II – Education Technology State Grants	\$ .33 billion	\$ .33 billion
McKinney-Vento Homeless Assistance Act	\$ .03 billion	\$ .03 billion
Title V – Teacher Incentive Fund	\$ .20 billion	
IDEA – Special Education	\$ 6.10 billion	\$ 6.10 billion
Vocational Rehabilitation State Grants	\$ .54 billion	
Improved Data Collection	\$ .25 billion	
State Incentive Grants		\$ 5.00 billion
Innovation Fund		\$ 0.65 billion
State Fiscal Stabilization Funds – Education Funding	\$40.10 billion	
State Fiscal Stabilization Funds – High Priority Needs	\$ 8.20 billion	
<u>Higher Education</u>		
Increasing Pell Grants	\$15.60 billion	
Institute of Education Sciences	\$ .25 billion	
Work Study	\$ .20 billion	
Student Aid Administration	\$ .10 billion	
Higher Education Account	\$ .10 billion	
<b>Total funds directed toward public education</b>	<b>\$79.97 billion</b>	<b>\$19.98 billion</b>

**Click [here](#) to see the K-12 funding that your state will receive from this act**

## **What Are the Specifics of the Funding?**

Below is a description of the funding systems and mandates for each of the major education programs in the Recovery and Reinvestment Act. Unless otherwise noted, distribution systems and mandates for pre-existing federal programs will remain the same.

### State Fiscal Stabilization Funds – Education Funding

- 61% of these funds will be distributed based on a state's relative population of 5 to 24 year olds and 39% of these funds will be distributed based on a state's relative total population
- Each state must first use these funds to restore state funding for K-12 education to its FY 2007-2008 level. States must then restore higher education funding to its FY 2007-2008 level.
- If there is any remaining funding after restoring funds to their FY 2007-2008 levels, it must be distributed to school districts based on their share of Title I funding
- For states to qualify for this funding, they must maintain support for K-12 and higher education at least at the level provided in FY 2005-2006
- State receiving these funds are required to annually report on the following:
  - How these funds were used
  - The number of jobs saved or created by this legislation
  - Tax increases averted by this legislation
  - The state's progress in reducing inequities in the distribution of highly –qualified teachers
  - The state's progress on developing a longitudinal data system
  - The progress in implementing valid assessments
  - Actions taken by the state to limit higher education tuition and fees
  - Enrollment of in-state students at public higher education institutions

### State Fiscal Stabilization Funds – High Priority Needs

- 61% of these funds will be distributed based on a state's relative population of 5 to 24 year olds, and 39% of these funds will be distributed based on a state's relative total population
- States could use these funds for any state program that is deemed to be a "High Priority Need" – which could include early learning, K-12 or higher education

### State Incentive Grants

- The U.S. Secretary of Education will be required to establish guidelines for distributing these grants based on whatever states have made significant progress in achieving equity in teacher distribution, establishing longitudinal data systems and enhancing assessments for English language learners and students with disabilities
- If a state receives funding under this program, it must distribute 50% of the funds directly to school districts based on Title I allocations.

### Innovation Fund

- These awards will be designed to recognize school districts, or partnerships between nonprofit organizations and state educational agencies, school districts, or one or more schools that have made achievement gains. The final criteria for these awards will be designated by the U.S. Secretary of Education

### Title I

- School districts that receive funding from this program are required to report to the state educational agency a school-by-school listing of per pupil expenditures, states will then report this information to the U.S. Department of Education
- The U.S. Department of Education should encourage states to use 40% of this funding for middle and high schools

### Institute of Education Sciences

- These funds are to be used for statewide data systems that include postsecondary and workforce information. \$5 million from this grant may be used to hire individuals to be state data coordinators and for awards to public or private agencies to improve data coordination.

## How policymakers can explain this new funding to their constituents

The Recovery and Reinvestment Act of 2009 is the single most expensive piece of legislation that the federal government has ever passed. This act moved from an idea to a signed piece of legislation within weeks. Because of its size and the speed with which it passed, many of your constituents may be wondering what it all means. To assist you ECS has assembled some communication tools:

- **Increased Federal Funds:** This bill will provide up to \$81 billion in additional federal funds for K-12 education. If these funds are expended by states evenly over the next two years, this would represent an 80% increase in total federal K-12 spending over 2008-09.
- **Increased Federal Role:** This increase in K-12 spending will greatly increase the federal government's role in education funding. Prior to this bill the federal government provided on average approximately 9% of all education spending. Assuming these funds will be evenly expended by states over a two-year period, this bill will increase federal spending on K-12 education to between 14.8% and 15.5% of total spending.
- **Funding Per Student:** The additional K-12 operational funding will translate into an average additional \$870.60 per student nationally per year for the next two years.
- **Education Jobs Created/Saved:** Using current education spending patterns we can estimate that this act will create or save 267,355 teaching positions and an additional 40,000 instructional staff this year.

## Issues and Ideas about this New Funding Package

States will be receiving a great deal of funding in a short period of time, and there are several points that you may want to take into consideration:

- **The temporary nature of this funding:** This funding is designed to provide financial relief for a two-year period, so states should not count on receiving these additional funds beyond the 2010-2011 school year. States should be reluctant to use any of this federal funding for programs or projects that will last beyond this two-year period.
- **Early planning could result in greater payoffs:** Policymakers in every state want to ensure that this increase in spending turns into increased student performance and the best way to do this is by spending some time in planning and preparing for these new allocations. To access an excellent report on how Maryland was able to turn increased spending into increased student achievement click [here](#)).
- **Filling holes or creating new programs:** The fiscal conditions in some states are so bad that this additional federal funding will need to be used to make up for, or attempt to make up for, state budget cuts. In other states where the recession has not been as severe, there will be additional education funding available to use for new and innovative programs. It will be important to let your constituents know early on if you will have money for additional programs or not – you don't want them coming up with wish lists only to have their hopes dashed.

## Help When You Need it:

As you begin to think about how this bill will impact your state, your school districts and your students you may have questions – that's why ECS is here. You can contact our ECS Information Clearinghouse at (303) 299-3675 and staff will help answer your questions and provide you with the kind of information that you need during these times of incredible change.

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